

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-063

April 3, 1998

BANGOR HYDRO ELECTRIC COMPANY
Request for Exemption from
Section 2(J) of Chapter 81

ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

Summary of Decision

On February 6, 1997, Bangor Hydro-Electric Company (BHE) filed a request for exemption from Chapter 81, section 2(J) of the Commission's rules. BHE filed the request pursuant to MPUC Rules Ch. 81, Section 14(A). BHE requests that the Commission exempt it from the definition of due date in section 2(J) so that it can identify the bill due date as 19 days from the postmark date of the bill, rather than 25 days as provided for in section 2(J). We deny the requested exemption because BHE has failed to demonstrate that the rule's definition of due date is unduly burdensome, and because we are concerned that BHE's proposal might lead to customer confusion.

Standards for Granting an Exemption under Section 14(A)

Section 14(A) of Chapter 81 provides, in relevant part,

The Commission may grant a utility's request to be exempt from one or more requirements of this Chapter for all or a portion of the utility's service territory upon finding that compliance would be unduly burdensome and that granting the request would not undermine the purposes of this Chapter.

The rule further requires that the request must contain a complete explanation and justification for the exemption, the suggested alternative procedure, if any, and an explanation of why the requested exemption would not undermine the purposes of Chapter 81. When a utility files a request for exemption, the Commission determines whether and in what manner to solicit comments on the request from interested persons. Upon consideration of the request and any comments, the Commission may either grant, deny or grant with modification the requested exemption.

BHE's Request for Exemption

BHE seeks to change the due date on its bills from 25 days to 19 days from the postmark date of the bill because it believes that customers will pay their bills more quickly as a result of an earlier due date. Under Chapter 870, late payment charges may be imposed when bills are overdue. A bill is overdue when it has not been paid by the due date, which must be no less than 25 days after the postmark date of the bill. MPUC Rules Ch. 870 § 1(C). Chapter 870 also requires that bills contain the date by which payment must be made to avoid late payment charges. MPUC Rules Ch. 870 § 1(H). BHE proposes to assess late fees only if the bill is not paid within 25 days of the postmark date. Thus, under BHE's proposal there would be no consequence for failing to pay within 19 days.

BHE hopes, however, that customers will pay by the due date rather than the date after which late fees may be imposed. BHE also states that due to its billing system, customers who do not pay their bills until the due date often receive overlapping bills. Customers have expressed some concern with receiving a new bill before the current bill is due. BHE hopes that changing the due date will eliminate the problem of overlapping bills.

Discussion

BHE believes that its customers wait until the 25th day to pay their bills because of the rule's definition of due date. Thus, if the due date is 19 days from the postmark date, customers will pay within 19 days, according to BHE. However, it has not provided any evidence to support its claim that customers' bill paying behavior is driven by the due date of the bill. It is certainly possible that customers' bill paying behavior is motivated just as much by the desire to avoid late payment charges because on the current bill the due date is linked to the assessment of late payment charges. BHE's suggestion that changing the "due date" alone will change customer payment behavior is speculative. Moreover, we are concerned that if customers did change their payment behavior as a result of a change in the due date, such change might result solely from customer confusion about when a late fee is assessed. Finally, we conclude that BHE could simply change the wording on its bills to encourage prompter payment without a change to the due date. For example, BHE could make any of the following statements on its bills without the need for any exemption:

- Bills are payable upon receipt; late payment charges will be assessed if payment is not received by (25 days from the postmark date of the bill).

- Bills are due when received; late payment charges will be assessed if payment is not received by (25 days from the postmark date of the bill).
- Please mail bill by (date earlier than due date); late payment charges will be assessed if payment is not received by (25 days from the postmark date of the bill).
- Due to the Company's billing system, a customer may receive overlapping bills even if the customer does not incur a late payment fee.

We neither require nor encourage BHE to add any of these (or any similar) statements to its customers' bill. We merely observe that BHE has the opportunity, without an exemption from Chapter 81, to encourage customers to pay more promptly.

For all the above reasons we conclude that BHE has failed to justify its request for an exemption.¹

Accordingly, we

O R D E R

That BHE's request for exemption is denied.

Dated at Augusta, Maine, this 3rd day of April, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Hunt

¹We would consider, in the context of a rulemaking revising Chapters 81 and 870, changing the 25 day due date. We anticipate initiating such a rulemaking in the near term.